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CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
Year Ended June 30, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10-13-00

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INDEPENDENT AUDITORS' REPORT

October 8, 2000

To the Board of Directors
Calcasieu Association for
Retarded Citizens, Inc.

We have audited the accompanying statement of financial position of Calcasieu Association for Retarded Citizens, Inc. (a nonprofit organization), as of June 30, 2000, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Calcasieu Association for Retarded Citizens, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calcasieu Association for Retarded Citizens, Inc. as of June 30, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 8, 2000, on our consideration of Calcasieu Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gragson, Casiday & Guillory

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Financial Position

June 30, 2000

ASSETS

CURRENT ASSETS

Cash and cash equivalents, including interest-bearing accounts of \$306,841		\$ 376,297
Investments		1,684,817
Unconditional promises to give		89,500
Accounts receivable		
Grants and contracts	\$ 102,768	
Medicaid, net	189,344	
Work Activity, net	136,886	
Client liability, net	32,799	
Other	<u>34,539</u>	496,336
Accrued interest receivable		18,675
Merchandise inventory		47,301
Prepaid expenses		<u>5,972</u>
Total current assets		2,718,898

PROPERTY, PLANT, AND EQUIPMENT

Buildings and improvements	2,421,123	
Leasehold improvements	80,766	
Furniture, fixtures, and equipment	1,170,801	
Transportation equipment	<u>662,725</u>	
	4,335,415	
Less accumulated depreciation and amortization	<u>(2,144,145)</u>	
	2,191,270	
Land	<u>136,302</u>	2,327,572

OTHER ASSETS

Deposits		<u>20,187</u>
		\$ 5,066,657

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable – trade	\$ 48,476
Accrued salaries	33,931
Payroll taxes payable	51,523
Accrued expenses - other	<u>27,499</u>
Total current liabilities	161,429

LONG-TERM DEBT

-

NET ASSETS

Unrestricted	4,800,728
Temporarily restricted	<u>104,500</u>
	<u>4,905,228</u>

\$ 5,066,657

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Activities

Year Ended June 30, 2000

	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT			
Federal, state and local grants/contracts	\$ 1,218,794	\$ -	\$ 1,218,794
Medicaid	2,007,909	-	2,007,909
United Way grant	-	179,000	179,000
Contributions	4,577	-	4,577
Membership dues	1,755	-	1,755
Auxiliary activities	1,077,121	-	1,077,121
Other program fees	286,496	-	286,496
Fund raising	9,742	-	9,742
Investment income	83,814	-	83,814
Net assets released from restrictions			
Expiration of time restrictions- United Way	174,000	(174,000)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	4,864,208	5,000	4,869,208
EXPENSES AND LOSSES			
Program services	4,637,859	-	4,637,859
Supporting services			
Management and general	95,069	-	95,069
Fund raising	3,864	-	3,864
Gain on disposal of assets	(879)	-	(879)
TOTAL EXPENSES AND LOSSES	4,735,913	-	4,735,913
 INCREASE IN NET ASSETS	 128,295	 5,000	 133,295
 NET ASSETS AT BEGINNING OF YEAR	 4,672,433	 99,500	 4,771,933
 NET ASSETS AT END OF YEAR	 \$ 4,800,728	 \$ 104,500	 \$ 4,905,228

The accompanying notes are an integral part of this statement.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Functional Expenses

Year Ended June 30, 2000

	Program Services		
	Work Activity	Adult Habilitation	Infant Habilitation
Salaries and wages	\$ 524,788	\$ 583,105	\$ 371,396
Payroll taxes	40,154	42,914	27,784
Total salaries and related expenses	564,942	626,019	399,180
Advertising	311	166	243
ARC membership fees	-	-	-
Bad debts	5,103	-	338
Central office overhead	79,526	187,536	74,667
Consultants	-	-	-
Contract services	8,553	209	1,473
Day care tuition	-	-	2,440
Dues and subscriptions	-	976	330
Employee benefits	3,482	26,606	18,288
Habilitative services	-	-	-
Insurance	25,925	43,975	10,428
Licenses	2,818	121	588
Medicaid provider fees	-	-	-
Medical	-	30	-
Miscellaneous	1,092	9,240	8,232
Office expense	956	5	688
Professional services	26,376	6,437	-
Purchases-resale items	106,446	-	-
Rent	-	-	-
Repairs and maintenance	26,815	23,063	9,321
Seminars	613	1,135	2,731
Supplies	71,405	7,353	17,076
Telephone	978	5,403	4,460
Transportation	14,738	41,367	730
Travel	3,956	1,794	16,692
Utilities	16,527	32,688	10,085
Total expenses before depreciation expense	960,562	1,014,123	577,990
Depreciation expense	70,999	69,252	23,312
	\$ 1,031,561	\$ 1,083,375	\$ 601,302

The accompanying notes are an integral part of this statement.

Program Services

Residential Services	Supervised Living	Respite	Eliminations	Total
\$ 576,113	\$ 97,913	\$ 247,257	\$ -	\$ 2,400,572
43,058	7,576	19,014	-	180,500
619,171	105,489	266,271	-	2,581,072
-	97	-	-	817
-	-	-	-	-
18,739	-	-	-	24,180
320,099	31,565	53,343	-	746,736
49,825	1,039	-	-	50,864
1,434	4	-	-	11,673
-	-	-	-	2,440
2,101	175	323	-	3,905
15,177	810	3,227	-	67,590
174,793	146	-	(174,939)	-
20,545	1,516	7,504	-	109,893
3,773	210	640	-	8,150
129,475	-	-	-	129,475
5,702	-	-	-	5,732
29,096	3,380	103	-	51,143
33	-	-	-	1,682
2,000	-	-	(6,230)	28,583
27	-	-	-	106,473
-	4,752	-	-	4,752
14,217	347	-	(25,998)	47,765
908	310	148	-	5,845
115,446	509	327	(2,947)	209,169
2,072	1,062	775	-	14,750
16,638	1,441	-	(1,794)	73,120
2,193	3,215	25,849	-	53,699
20,049	-	-	-	79,349
1,563,513	156,067	358,510	(211,908)	4,418,857
54,207	1,055	177	-	219,002
\$ 1,617,720	\$ 157,122	\$ 358,687	\$ (211,908)	\$ 4,637,859

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Functional Expenses - Continued

Year Ended June 30, 2000

	Supporting Services	
	Management and General	Fund Raising
Salaries and wages	\$ 75,253	\$ -
Payroll taxes	5,806	-
Total salaries and related expenses	81,059	-
Advertising	438	-
ARC membership fees	293	-
Bad debts	-	-
Central office overhead	623	-
Consultants	-	-
Contract services	-	3,614
Day care tuition	-	-
Dues and subscriptions	1,876	-
Employee benefits	-	-
Habilitative services	-	-
Insurance	281	-
Licenses	-	250
Medicaid provider fees	-	-
Medical	-	-
Miscellaneous	-	-
Office expense	9,213	-
Professional services	-	-
Purchases - resale items	-	-
Rent	-	-
Repairs and maintenance	189	-
Seminars	-	-
Supplies	23	-
Telephone	-	-
Transportation	-	-
Travel	-	-
Utilities	568	-
Total expenses before depreciation expense	94,563	3,864
Depreciation expense	506	-
	\$ 95,069	\$ 3,864

The accompanying notes are an integral part of this statement.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Statement of Cash Flows

Year Ended June 30, 2000

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 133,295
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	252,048
Bad debts	24,180
Gain on the disposition of assets	(879)
Unrealized depreciation of investments	47,499
(Increase) decrease in:	
Unconditional promises to give	(5,000)
Accounts receivable	(60,910)
Accrued interest receivable	4,608
Inventory	1,808
Deposits and prepaids	(15,565)
Increase (decrease) in:	
Accounts payable - trade	1,877
Accrued salaries	(847)
Payroll taxes payable	35,190
Accrued expenses - other	(67,170)
NET CASH PROVIDED BY OPERATING ACTIVITIES	350,134

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from maturity of investments	428,000
Purchase of investments	(302,240)
Purchase of noncash equivalents	(1,010,456)
Proceeds from sale of fixed assets	3,500
Purchases of fixed assets and construction in progress	(624,285)
NET CASH USED BY INVESTING ACTIVITIES	(1,505,481)

NET DECREASE IN CASH AND CASH EQUIVALENTS (1,155,347)

Cash and cash equivalents, June 30, 1999 1,531,644

Cash and cash equivalents, June 30, 2000 \$ 376,297

The accompanying notes are an integral part of this statement.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Calcasieu Association for Retarded Citizens, Inc. (CARC) is presented to assist in understanding CARC's financial statements. The financial statements and notes are representations of CARC's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles, which have been consistently applied in the preparation of the financial statements.

1. Nature of Activities

Calcasieu Association for Retarded Citizens, Inc. was organized under Section 501 (c) (3) of the Internal Revenue Code as a nonprofit organization for the purpose of providing the following services to mentally and physically handicapped persons (clients) in Southwest Louisiana:

Work Activity - Clients provide services to area businesses on a contract basis and produce various merchandise for resale to the public.

Adult Habilitation - Adults are taught day to day living skills and work opportunities.

Infant Habilitation - Infants through three years of age are taught basic developmental skills.

Residential Services - The Association maintains six community homes which house six clients each on a "round the clock" supervised basis.

Supervised Independent Living - Clients are placed in local apartments and are on a day-to-day, part-time basis.

Respite Services - The Association provides sitters for parents and guardians of clients.

The majority of the funding for the above programs is provided by Medicaid and the State offices of the Louisiana Department of Health and Hospitals. Without this funding, the Association would be forced to find alternative funding sources in order to maintain operations.

2. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, CARC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Cash and Cash Equivalents

The Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

6. Investments

Investments consist of U.S. Treasury Notes and Certificate of Deposits with a cost of \$1,693,175 which do not meet the Association's definition of cash equivalents. The investments are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Accumulated unrealized depreciation in assets classified as investments at June 30, 2000 was \$8,358.

7. Property, Plant, and Equipment

The Association follows the practice of recording assets at cost or estimated fair value of donated assets at date of donation. All assets with estimated useful lives in excess of one year are capitalized. Depreciation and amortization is provided on the straight-line method at rates calculated to allocate the recorded amounts over the estimated useful lives of the assets. Depreciation and amortization amounted to \$252,048, of which \$32,540 is included in central office overhead expense in the accompanying statement of functional expenses, for the year ended June 30, 2000 and may be allocated as follows:

Assets stated at historical cost	\$ 249,710
Donated assets recorded at fair value	<u>2,338</u>
Total	\$ 252,048

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Expense Allocation

Direct costs are charged directly to the grants and programs in which the expense is incurred or they are allocated to the grants and programs based on the proportion of benefit resulting from the particular expenditure. All other costs not identifiable as direct charges are regarded as "central office overhead" and accumulated in a pool. This pool is distributed monthly to the grants and programs based on the proportion of each grant's/program's direct costs to total direct costs, computed on a monthly basis.

9. Eliminations

For report purposes, all significant inter-departmental accounts and transactions have been eliminated.

10. Income Taxes

The Association is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and generally is not subject to income taxes according to the provisions of Federal and Louisiana State income tax laws and regulations. In addition, CARC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the code.

11. Donated Services

No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the organization's program services.

12. Designated Net Assets

At its discretion, the Board may designate revenue for specific purposes. Any Board-designated funds would be segregated under the unrestricted net assets.

13. Inventory

Inventory is stated at the lower of cost or market. Cost is determined under the first-in, first-out method of accounting.

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

15. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2000 includes the principal amount of a donation received in a prior fiscal year. The donor placed certain stipulations on the use of these funds. As of June 30, 2000, none of the original donation of \$15,000 had been expended.

Also included in temporarily restricted net assets as of June 30, 2000 is the remaining United Way allocation yet to be received for calendar year 2000 amounting to \$89,500.

16. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

NOTE B - CASH AND CASH EQUIVALENTS

As of June 30, 2000, cash and cash equivalents consisted of the following:

Operating accounts, net of outstanding items	\$ 80,739
Mutual funds	<u>295,558</u>
	\$ 376,297

Continued

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 2000

NOTE B - CASH AND CASH EQUIVALENTS (CONTINUED)

All cash deposits in operating accounts and certificates of deposit were fully collateralized at June 30, 2000, either by FDIC limits or by pledged securities. However, a significant risk of loss existed at June 30, 2000 with regard to the monies invested in mutual funds because those funds are not insured against market risk.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable amounts in the accompanying statement of financial position and reported net of the following allowance for doubtful accounts:

Medicaid	\$ 3,978
Work Activity	7,897
Client Liability	<u>43,327</u>
Total Allowance	\$ 55,202

NOTE D - MEDICAID PROVIDER FEE

The Association's residential services program is required, under Louisiana R.S. 46:2601-2605, to pay to the Department of Health and Hospitals a fee per patient day for each bed which is in use or reserved for a patient. The total of such fees for the year ended June 30, 2000 is \$129,475.

NOTE E - RELATED PARTY TRANSACTIONS

Included in accounts receivable-other at June 30, 2000 are operating advances of \$31,400 made in prior fiscal years to Louisiana Disabled Persons Finance Corporation, an affiliated non-profit organization under a common board of directors. In addition, Louisiana Disabled Persons Finance Corporation paid \$4,965 in management fees to Calcasieu Association for Retarded Citizens, Inc. for the year ended June 30, 2000. Summarized financial data of Louisiana Disabled Persons Finance Corporation as of and for the year ended June 30, 2000 is as follows:

Total Assets	\$ 435,892
Total Liabilities	<u>609,149</u>
Net Assets	\$ (173,257)
Total Revenue	\$ 96,068
Total Expenses	<u>110,372</u>
Change in Net Assets	\$ (14,304)

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 2000

NOTE F - INVESTMENT INCOME

Investment income included in the statement of activities is summarized as follows:

Interest income	\$ 131,313
Net unrealized losses	<u>(47,499)</u>
Total unrestricted investment income	\$ 83,814

NOTE G - RETIREMENT PLAN

Effective September 1, 1997, a retirements savings plan and trust for the benefit of eligible employees was adopted. The plan covers substantially all of the employees, with the exception of client employees, of Calcasieu Association of Retarded Citizens, Inc. who have attained the age of 21 and completed one year of service (at least 1,000 hours of service in a plan year). The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Each participant of the plan may elect to defer from zero to fifteen percent of his compensation. The maximum annual amount that an employee could contribute as an elective deferral for calendar year 1999 was \$10,000 per year. For the year ended June 30, 2000, salary deferrals by eligible participants totaled \$ 93,382. The employer may make a matching contribution to each participant based on the participant's elective deferrals in a percentage set by the employer prior to the end of each plan year. For the year ended June 30, 2000, the Board of Directors adopted an employer contribution of 50% of the first 4% that an employee contributes. Additional amounts may be contributed at the option of the Board of Directors. For the year ended June 30, 2000, the employer match totaled \$29,713

NOTE H - PROMISES TO GIVE

Unconditional promises to give at June 30, 2000 are as follows:

2000 United Way Allocation	\$ 89,500
Receivable in less than one year	\$ 89,500
Receivable in one to five years	-
Receivable in more than five years	<u>-</u>
Total unconditional promises to give	89,500
Less discounts to net present value	-
Less allowance for uncollectible promises receivable	<u>-</u>
Net unconditional promises to give at June 30, 2000	\$ 89,500

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Notes to Financial Statements - Continued

June 30, 2000

NOTE I - CENTRAL OFFICE OVERHEAD

Included in central office overhead expense in the accompanying Statement of Functional Expenses are the following natural expense categories:

Salaries and wages	\$ 473,143
Payroll taxes	<u>35,072</u>
Total salary and related expenses	508,215
Advertising	271
Consulting fees	200
Contract services	8,403
Dues and subscriptions	10,129
Employee benefits	22,186
Insurance	18,394
Licenses	193
Miscellaneous	21,560
Office expense	5,544
Professional services	23,174
Repairs and maintenance	12,167
Seminars	3,654
Supplies	29,647
Telephone	7,060
Transportation	16,471
Travel	11,275
Utilities	12,724
Vending machine purchases	<u>3,552</u>
Total expenses before depreciation expense	714,819
Depreciation expense	<u>32,540</u>
Total central office overhead	\$ 747,359

NOTE J - LOSS CONTINGENCIES

At June 30, 2000, the Association was involved in a lawsuit currently being handled by the Association's insurance carrier and the carrier's attorney. Any judgment in excess of the insurance coverage would have to be paid by the Association. As of June 30, 2000, the attorneys were in the discovery stage of the proceedings and no estimate of loss or range of loss could be made. However, it is management's opinion at June 30, 2000, that the suit will be concluded at no material cost to the Association.

SUPPLEMENTARY INFORMATION

CALCASIEU ASSOCIATION FOR RETARDED CITIZENS, INC.

Schedule of Support, Revenues, and Expenses - Departmentalized

Year Ended June 30, 2000

	<u>Central Office</u>	<u>Work Activity</u>	<u>Adult Habilitation</u>	<u>Infant Habilitation</u>
Public support and revenue				
Public support				
Federal, state and local grants/contracts	\$ -	\$ -	\$ 643,669	\$ 435,554
Medicaid	-	-	150,691	-
United Way grant	-	58,200	43,200	77,600
Contributions	<u>1,051</u>	<u>-</u>	<u>1,795</u>	<u>1,491</u>
Total public support	1,051	58,200	839,355	514,645
Revenue				
Membership dues	1,755	-	-	-
Other program fees	-	-	194,542	58,013
Fund raiser income	9,742	-	-	-
Auxiliary activities	4,980	1,106,874	72	341
Investment income	<u>83,844</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>100,321</u>	<u>1,106,874</u>	<u>194,614</u>	<u>58,354</u>
Total public support and revenue	101,372	1,165,074	1,033,969	572,999
Expenses and losses				
Program services	-	1,031,561	1,083,375	601,302
Supporting services				
Management and general	95,069	-	-	-
Fund raising	3,864	-	-	-
Loss (gain) on disposition of assets	<u>-</u>	<u>-</u>	<u>(1,451)</u>	<u>-</u>
Total expenses and losses	<u>98,933</u>	<u>1,031,561</u>	<u>1,081,924</u>	<u>601,302</u>
Excess (deficiency) of public support and revenue over expenses	\$ 2,439	\$ 133,513	\$ (47,955)	\$ (28,303)

<u>Residential Services</u>	<u>Supervised Independent Living</u>	<u>Respite</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 32,410	\$ 107,161	\$ -	\$ 1,218,794
1,440,785	151,443	264,990	-	2,007,909
-	-	-	-	179,000
240	-	-	-	4,577
<u>1,441,025</u>	<u>183,853</u>	<u>372,151</u>	<u>-</u>	<u>3,410,280</u>
-	-	-	-	1,755
210,673	-	-	(176,732)	286,496
-	-	-	-	9,742
-	-	-	(35,176)	1,077,091
-	-	-	-	83,844
<u>210,673</u>	<u>-</u>	<u>-</u>	<u>(211,908)</u>	<u>1,458,928</u>
1,651,698	183,853	372,151	(211,908)	4,869,208
1,617,720	157,122	358,687	(211,908)	4,637,859
-	-	-	-	95,069
-	-	-	-	3,864
572	-	-	-	(879)
<u>1,618,292</u>	<u>157,122</u>	<u>358,687</u>	<u>(211,908)</u>	<u>4,735,913</u>
\$ 33,406	\$ 26,731	\$ 13,464	\$ -	\$ 133,295

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.

GRAHAM A. PORTUS, E.A.

JULIA W. PORTUS, C.P.A.
DAWN REED, C.P.A.
MICHELLE BOURNE, C.P.A.
COY VINCENT, C.P.A.
PAIGE F. BROWNE, C.P.A.

ONE LAKESIDE PLAZA, SUITE 700
P.O. DRAWER 1847
LAKE CHARLES, LOUISIANA 70602-1847
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

October 8, 2000

To the Board of Directors
Calcasieu Association for
Retarded Citizens, Inc.

We have audited the financial statements of Calcasieu Association for Retarded Citizens, Inc. as of and for the year ended June 30, 2000, and have issued our report thereon dated October 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

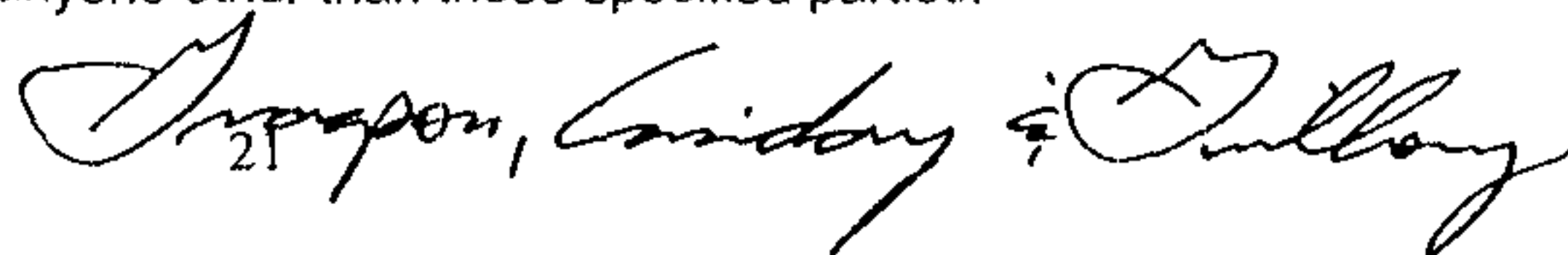
Compliance

As part of obtaining reasonable assurance about whether Calcasieu Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Calcasieu Association for Retarded Citizens, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Directors, management and others within the organization, awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.


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